

Business Resources Division:

The Business Resources Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. Working closely with the private sector, the Governor's Office, the Legislature, economic and community development partners, other department divisions, state agencies, and federal and private programs; the division strives to enhance the economic base of Montana through business creation, expansion, and retention efforts.

Business Resources Division responsibilities are mandated primarily in Title 30, Chapter 16; Title 17, Chapter 6; and Title 90, Chapter 1 and 10, MCA.

Mission:

The mission of the Business Resources Division is to deliver information, technical assistance, and financial resources to communities and businesses in Montana resulting in the development and prosperity of our state.

Goals and Objectives / Performance Indicators:

Regional Development Bureau:

Montana Finance Information Center:

The Montana Finance Center provides summary information for the most significant financing resources available from state, federal, and local institutions. The Montana Finance Information Center website is organized as much as possible by source and point of application. Preference for organizational purposes is given to the actual level that provides funding to businesses and local governments. The web address for the Finance Information Center is <http://www.mtfinanceonline.com/>.

The Finance Information Center has responded directly to numerous email requests for information and has developed dozens of specific finance option summaries for business proposals, including business recruitment activities conducted by the Governor's Office. As additional credible sources of finance and technical assistance are discovered, they are included within the resources of the website.

Objectives:

- Continue to update and keep current the finance and technical assistance information on the website.
- Continue to research information that would be useful to include in the website.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
Visits	22,161	23,000	24,000
Pages Viewed	57,748	60,000	62,000
Total Hits	437,975	450,000	460,000
Average Visits per month	1,049	1,150	1,250

Regional Development Officers:

Montana is divided into five regions with a Regional Development Officer (RDO) assigned to each area as a representative of the Montana Department of Commerce. The RDOs live in their regions and are a resource to businesses, local development corporations and communities in the area. The program serves as an access point to all relevant Commerce Department resources, and all other relevant business and community development resources. A primary purpose of the program is to provide technical assistance to businesses for the purpose of obtaining financing for start-ups, expansions, business locations from out of state, and retention.

Objectives:

- Ensure that all areas of Montana have reasonably equal access to funding and technical assistance resources, especially the Commerce Development Fund (CDBG).
- Develop close and effective working relationships with businesses and the resources that benefit them in their efforts to grow and create new employment in Montana.
- Improve the capacity of local development efforts through technical assistance and fund raising. This includes close involvement with the Certified Communities program.
- Work closely with the Governor's Office of Economic Opportunity and other state agencies involved in economic development, such as the Department of Agriculture.

It is important to note that the major projects worked on by the Regional Development Officers always include significant levels of cooperation between businesses, local development organizations, local governments, banks, federal and state agencies and all available business resource programs, including the Montana Manufacturers Extension Centers. The RDO program works closely with MMEC and the Regional Development Bureau has provided grant funding for several years to MMEC in order to expand its efforts working with Montana Manufacturers. The RDO program will also be integrally involved working with the Montana Agricultural Innovation Centers currently being established in Montana.

The focus defined in the guidelines of most Regional Development Bureau technical assistance and finance programs is to assist value-adding businesses, such as manufacturers. The intent is not to take credit for the projects but to show the extent to which positive results are being achieved through the hard work of all entities involved. Regional Development Officers facilitate, coordinate, and expedite business projects by working with others in the regions they serve.

In 2003, the RDO program was involved with **25** completed business and community development finance projects that resulted in approximate **new financing of \$94,310,230 dollars** in Montana. The projects project the **creation and retention of 1,025 jobs** based on the business plans utilized in the finance packages.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
Completed Business Projects	25	25	25
Job Creation and Retention	1,025	1,000	1,000
Business Financing	\$94,310,230	\$75,000,000	\$85,000,000
Total Project Investment	\$94,310,230	\$75,000,000	\$85,000,000

Community Development Block Grant (CDBG) Program:

The Montana Department of Commerce receives approximately \$2.5 million each year from the federal Department of Housing and Urban Development. These funds are administered by the Business Resources Division and distributed to communities for loans to businesses to stimulate economic development activity that creates or retains jobs primarily for individuals from low and

moderate-income families. The program assists businesses by providing flexible interest rates and loan terms to complement conventional bank financing and other federal and state finance programs. The program also provides funding for infrastructure in support of business and job training. Loan repayments are retained locally to re-lend to other businesses in the community, thus creating a local revolving loan fund.

The program reviews applications for funding on a continuous open cycle throughout the year. Projects are selected for funding by considering the overall feasibility, long-range economic impact, and the number of jobs that would be made available to low and moderate income persons in the community.

Objectives:

Based on years of public comment, enforcement of federal program objectives and various studies conducted through the years for the program and economic development generally, the program's objectives for assisting business development in Montana are to:

- Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low and moderate income Montanans;
- Increase economic activity, which adds value to a product through manufacturing, refining, processing, or packaging, especially those activities that involve Montana's natural resources;
- Increase economic activity, which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
- Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50%) outside of Montana;
- Allow local communities to identify their own needs and develop their own initiatives;
- Assist businesses and communities in achieving economic prosperity by using program resources to leverage other private and public resources;
- Assist new and expanding businesses with employee training needs;
- Assist micro-enterprises through technical assistance funding;
- Assist small business participation in gaining access to federal funding for R&D through the State of Montana SBIR program;
- Place a priority on projects that create higher paying jobs.
- Fund more high-technology businesses and manufacturing operations, including value added agricultural products, based on current demand. Over the past five years, more than ½ of the projects funded were in the technology and manufacturing sectors.
- Help create over 200 jobs per year, of which, over 51% will be held or made available to low and moderate-income persons.
- Leverage \$12 to \$13 of other funds for each \$1 of program funds.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
Job Creation and Retention	173	200	200
Planning Grants	10	6	6
CDBG Business Financing	\$2,200,000	\$2,200,000	\$2,200,000
Total Project Investment	\$88,239,688	\$25,000,000	\$25,000,000

Certified Regional Development Corporations:

This new program provides statutory funding for regional economic development organizations (Certified Regional Development Corporations) on a matching grant basis of \$1 state dollar for every local \$1.

Objectives:

- Encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building.
- Work towards including the counties in Montana that are not currently part of a CRDC.
- Receive and evaluate CRDC annual reports for compliance with contracts.
- Implement the Treasure Communities Program.
- Survey CRDC's to receive input on the implementation of the Treasure Community program.
- Work with CRDC's to enhance and build their capacity to serve their constituent counties, communities, and citizens in the areas of technical assistance, finance, regional planning, and grant administration.
- Evaluate and make recommendations for improvement in the CRDC program.
- Continue to help administer the Economic Development Advisory Council meetings by proposing agenda items, performing research and analysis where needed and requested, and implementing suggestions made by the Council with the approval of DOC management.

PERFORMANCE	CY 2004	Plan CY 2005	Plan CY 2006
Local & Regional Planning	36 Planning Sessions	42 Planning Sessions	48 Planning Sessions
5-Year Strategic Plans	9	12	12
Business Technical Assistance	Base Year # of Sessions	Base Year + 2.50%	Base Year + 5%
State and Federal Grant Awards	Base Year	Base Year + 1%	Base Year + 3%
Revolving Loan Funds	Base Year	Base Year + 2%	Base Year + 4%
Job Creation	Base Year	Base Year + 1%	Base Year + 3%
Job Retention	Base Year	Base Year + 2%	Base Year + 4%
Business Financing	Base Year	Base Year + 2%	Base Year + 4%
Dollars Leveraged	Base Year	Base Year + 2%	Base Year + 4%
Total Project Investment	Base Year	Base Year + 2%	Base Year + 4%

Montana Capital Companies:

The Montana Capital Company Act was designed to stimulate economic activity in Montana by providing tax credit incentives to investors in Montana capital companies, who in turn provide debt and equity financing to new or expanding qualified Montana Businesses. The Department of Commerce is responsible for oversight of the tax credits, qualified investments, and general

operations of capital companies. All tax credits that were available under the statute have been used or have expired. **All Capital Company tax credits have been allocated and all Capital Companies have been decertified pursuant to state law as having met their obligations under the certification agreements.**

Census and Economic Information Center (CEIC):

The mission of the Census and Economic Information Center (CEIC) (90-1-109, MCA), located within the Business Resources Division of the Montana Department of Commerce, is to assist individuals, businesses, governments, communities and economic development efforts by providing Montana demographic and economic information and statistics, as well as technical expertise and training.

Since 1978, CEIC has been the State of Montana's lead agency in the U.S. Census Bureau's federal-state cooperative State Data Center (SDC) and Business/Industry Data Center (BIDC) programs, and is a member of the U.S. Bureau of Economic Analysis (BEA) User Group. As such, CEIC has been the official repository of Montana Census data for the past 25 years. CEIC's responsibilities to the SDC/BIDC program, under the Memorandum of Agreement between the U.S. Bureau of the Census and the State of Montana, include the coordination of a 29-member statewide affiliate network. CEIC's comprehensive web site, <http://ceic.commerce.state.mt.us>, allows clients to research and collect data in an easily accessible, accurate, and timely manner.

Objectives:

Provides individual client research services by:

- Locating and providing data and information related to Montana's population, economics, businesses and other characteristics of the state;
- Assisting clients in understanding data and data resources;
- Providing other technical assistance and training in using CEIC data; and
- Cataloging, maintaining and updating both print and electronic data and reports in the CEIC library.

Increases its data and information accessibility via Internet and Intranet applications by:

- Providing 7-days/week, 24-hours/day access to the full range of Montana demographic and economic data via CEIC's web site <http://ceic.commerce.state.mt.us> ;
- Allowing users to retrieve pre-formatted tables of data and also retrieve the raw data for their analytical needs;
- Allowing users to search geographically, examine the spatial relationship among the data, and graphically visualize the tabular information; and
- Allowing users to access spatial data analytical tools and applications to integrate data from various sources.

Provides geographic information system (GIS) capabilities by:

- Assisting users to identify, acquire, and use data in a GIS;
- Providing a clearinghouse of data from the U.S. Census Bureau and other agencies;
- Providing technical assistance and workshops to develop GIS applications related to demographic and socioeconomic needs; and
- Creating demographic, economic and administrative maps for clients and Commerce staff who do not have GIS capabilities.

Provide specific training to the State Data Center Affiliate Network, other state agency employees, Commerce staff, various economic organizations and interest groups, and the general public. This effort will result in:

- A more informed and stronger state network of State Data Center Affiliates;
- A state employee labor force with better skills to access and utilize Census data in their everyday work;
- A more knowledgeable public who understand the variety of data resources available to them from state and federal agencies; and
- Improved staff skills to manage and utilize new data products and resources.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
Training Workshops	29	30	35
Training Participants	526	540	630
Website Visitor Sessions	124,238	150,000	180,000
Data Requests Via Phone, Email, Walk-in	1,155	1,200	1,250

Trade and International Relations Bureau:

The mission of the Trade and International Relations Bureau is to identify opportunities for worldwide and domestic trade and to provide representation, information and technical assistance. The Bureau helps Montana businesses pursue trade opportunities for the purpose of diversifying their customer base and increasing the sales of Montana products and services. The Bureau coordinates the activities of the state's overseas offices in Taiwan and Japan, works in cooperation with Montana business promotion efforts, manages the Made In Montana program, coordinates international cultural and educational exchange programs, serves as the protocol liaison for the Governor's Office, and works in conjunction with the product promotion efforts of Travel Montana and the Department of Agriculture.

Objectives:

- Provide technical assistance, research and training for Montana companies seeking to enter export markets. Export Counseling will approximate 70 sessions per month. 4 training session per year will be provided to Montana companies in locations around Montana.
- Maintain Chinese and Japanese language websites that feature Montana tourism, education, agriculture, and business promotion information—www.Montana-chinese.org / www.bigskyjapan.com.
- Maintain state trade representative offices in Kumamoto, Japan and Taipei, Taiwan to promote Montana tourism, education, cultural exchanges and to provide business assistance for Montana exporters.
- Provide logistical support in organizing international trade and diplomatic missions.
- Coordinate cultural, education, government, and business exchanges with Montana's sister-states Guangxi Zhuang Autonomous Region, People's Republic of China; Kumamoto Prefecture, Japan; and Taiwan Province, Republic of China on Taiwan.
- Coordinate meetings with Montana, Alberta and Saskatchewan government officials and business leaders to foster greater cross-border understanding and cooperation.
- Serve as the protocol liaison for the State of Montana in coordinating meetings for representatives of foreign diplomatic offices and trade organizations with Montana officials.
- Cooperate with the Montana Department of Agriculture in promoting the export of value-added agricultural products.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
Counseling Cases	700	740	780
Counseling Hours	980	1,036	1,092
Hours Per Case	1.4	1.4	1.4
Training Workshops	NA	4	4
Training Participants	NA	60	70
Japanese Website Sessions	61,320	65,000	70,000
Chinese Website Sessions	50,664	52,500	55,000
Overseas Media Value	\$1,664,738	\$1,700,000	\$1,750,000
Chinese Visitors Overnight	44,014	45,000	46,000
Japanese Visitors Overnight	37,210	38,000	39,000

Made In Montana Program:

The Made in Montana program is designed to provide a unique identity to value-added products made and/or grown in Montana through the application of labels to Montana products. The program encourages businesses that meet the program requirements to utilize the trademarked image on their products. Since the inception of the program in 1984, over 23 million Made In Montana & Grown In Montana labels have been sold.

Value-added means a finished product that has been created, made, produced, or enhanced in Montana resulting in a 50% or more added value. Montana resident artists, authors, and performers qualify as Made in Montana program members.

Objectives:

- Coordinate an annual state-wide Made In Montana Food and Gift Trade Show.
- Evaluate the location and venue for the Trade and Gift show with the goal of increasing the number of Montana companies and vendors that participate.
- Identify a pricing structure for participation that enables funding for further assistance with regional and national shows for selected Montana companies.
- Implement new procedures for identifying and qualifying Montana companies to expand their operations through regional and national trade show participation.
- Evaluate training opportunities and provide effective training to MIM companies to better enable them to succeed in profitably producing and marketing their products.
- Continue to identify and assist Montana companies who choose to use the Made-in-Montana label on their products.
- Maintain an internet based Montana products directory with links to Montana companies' web-sites and work toward allowing MIM companies to update their company information via the internet.
- Help Montana consumers and companies to identify products produced in Montana that are available to meet their needs.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
Counseling Cases	720	750	780
Counseling Hours	840	876	912
Hours Per Case	1.2	1.2	1.2
Training Workshops	3	3	3
Training Participants	120	130	140

Small Business Development Center Bureau:

Small Business Development Centers (SBDC's):

The mission of the Montana Small Business Development Center is to help start-up and existing businesses to prosper by providing information and assistance through quality one-on-one counseling and training. With the Lead Center located in the state's capital city, and sub-centers based in 10 major Montana communities hosted by local economic development organizations, the Montana SBDC delivery system is designed to reach the state's entire population with its services and programs.

Objectives:

- The SBDC will serve the state's business needs, both start-ups and existing, through training and counseling via ten statewide offices, Billings, Butte, Bozeman, Colstrip, Great Falls, Havre, Helena, Kalispell, Missoula and Wolf Point. It is expected that the program will be shifting the emphasis to increase counseling services to existing businesses and decrease one-time counseling sessions to individuals wanting to start a business.
- The Montana SBDC program's two primary services are providing individualized counseling and training (in that order) in the areas of business plan preparation, starting a business, financial planning, market research & analysis, loan packaging, accounting, promotion & selling, and business management skills.
- Counseling services should be of the highest quality possible and will be assured by establishing in the near future that the subcenter counselors attend and pass a certified training program and maintain this core level of skills by attending annual professional development sessions.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
Counseling Cases	1,569	860	877
Counseling Hours	6,214	6,116	6,238
Hours Per Case	4.1	4.5	4.7
Training Workshops	216	238	243
Training Participants	2,316	2,364	2,411
Job Creation	459	593	480
Job Retention	624	1,610	648
Business Financing	\$33,860,712	\$34,700,000	\$35,500,000
Dollars Leveraged	\$1 State : \$7:50 Fed/Local	Same	Same
Total Project Investment	\$54,438,238	\$55,800,000	\$57,000,000

Small Business Innovation Research (SBIR):

Ten (10) federal agencies currently participate in the Small Business Innovative Research (SBIR) program. Those federal agencies with external R&D budgets in excess of \$100,000,000 are required by federal statute to conduct an SBIR program. Funds allocated to the SBIR program are established as 2.5% of their external R&D budgets. Over \$1 billion is distributed throughout the U.S. annually to for-profit small businesses through the SBIR program. The SBIR technical assistance will assist small Montana companies in competing for a larger piece of this federal R&D funding. Increasing the number of SBIR awards in Montana will play a key role in creating a growing technology business base in the state, a primary engine of growth.

Objectives:

The Montana Department of Commerce has adopted a state plan for Small Business Innovation Research that contains objectives and work plans for the program. Outcome indicators for the SBIR program are:

- Increase the number of SBIR Phase I Awards won by Montana companies to 20.
- Increase the number of Phase II SBIR awards to 7.
- Increase the conversion rate of Phase I awards to Phase II awards from 20% to 35%.
- Sponsor 8 SBIR workshops that will reach 320 participants.
- Sponsor one SBIR conference that will reach 150 participants.
- Provide 600 hours of counseling to 100 small businesses that are SBIR candidates or existing SBIR award winners.
- Design and implement a mentoring network of SBIR award winners. In order to develop an effective network, the SBIR program will administer a needs assessment to all SBIR winners to measure: willingness to participate in the program, expectations of each mentor, allocation of time commitments, etc.
- Create a SBIR Advisory Council. In conjunction with the Governor's Office, the SBIR Program will create an advisory council comprised of public and private sector representatives.
- Develop a five-year strategic plan. With the assistance and guidance of the SBIR Advisory Council, the SBIR Program will develop a five-year strategic plan.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
SBIR inquiries with no follow-up required	48	60	75
SBIR Cases	85	100	115
Counseling Hours	255	280	300
Training Workshops (includes presentations, seminars, & two conferences)	10	10	12
Training Participants (includes presentations, seminars, & two conferences for 2004)	250	400	400 (only one conference will be produced)
Phase 1 SBIR Awards	24	30	36
Phase 1 SBIR Award Revenues	\$4,606,665	\$5,758,833	\$6,909,984
Phase 2 SBIR Awards	9	11	13
Phase 2 Award Revenues	\$2,249,471	\$2,749,351	\$3,249,233
Phase 1 STTR Awards	2	4	6
Phase 1 STTR Revenues	\$494,296	\$988,600	\$1,482,900
Phase 2 STTR Awards	1	2	4
Phase 2 STTR Revenues	\$500,000	\$1,000,000	\$2,000,000
Phase 0 to Phase 1 award conversions; information pending because some companies have until 2004 to submit Phase 1 proposals	40%	80%	80%
List Serve of SBIR subscribers	450	576	650

Montana Microbusiness Finance Program:

Montana's MicroBusiness Development Corporations (MBDCs) are revolving loan funds which provide financing and technical assistance to help a business get started or to expand. Commerce loans the money at 2.75% interest to the MBDCs who in turn loan out the money at a slightly higher interest rate. The MBDCs make loans up to \$35,000 for working capital, equipment, or other fixed assets for qualified micro-businesses. A qualified micro-business must be a Montana-based business that has ten or fewer employees and less than \$500,000 in annual revenues. To qualify for a loan the business needs to meet local lending criteria. Since the intent of the program is to finance business projects that would not otherwise be able to obtain financing from sources such as their local bank, the interest rates charged on the loans are slightly higher than bank rates.

Objectives:

- Make the micro-business loan program available statewide.
- Increase awareness of the availability of micro-loan funds through marketing efforts at the local and state level.
- Cultivate effective working relationships between MBDC staff and other resources, specifically Small Business Development Center business consultants, to assist low to moderate-income and people interested in self-employment.
- Ensure that the state funds are actively revolving through more effective local loan fund administration and reallocation of unloaned funds.

Improve the capacity of the MBDCs to provide loans and technical assistance:

- Improve the capacity of the MBDCs to underwrite and service their microloan portfolios.
- Improve the capacity of the MBDCs to provide training and technical assistance to their customers.
- Encourage and allocate funding for professional development and training for MBDC loan officers.

Since Its Inception (1992) through 12/31/04

* Number of loans to micro-businesses	788
* Dollar amount loaned to micro-businesses	\$12,695,911
* Jobs created and retained by businesses receiving loans	950

PERFORMANCE	FY 2003	Plan FY 2004	Plan FY 2005
Total Number of Loans	36	40	45
Total Dollar Amount of Loans	\$621,397	\$761,000	\$936,000
Number of Clients Served	1,205	1300	1400
Technical Assistance Hours Provided	2,874	2900	2950
FTEs Created	24	35	40
FTEs Retained	25.5	35	40
Dollars Leveraged: Network Quarterly Average of Match Maintained. Dollars Leveraged from Match is 1.5 times the Requirement of \$1 of local funds for every \$6 of state funds	\$876,860	\$876,860	\$876,860

Microbusiness Technical Assistance Program:

The Montana Microbusiness Technical Assistance Program is funded primarily through a grant from the United States Small Business Administration. The goal of the program is to provide technical assistance to low to moderate-income individuals to assist them in obtaining private sector financing of up to \$25,000 to start or expand a small business. The focus of the Montana program is to supplement existing business counseling and training resources by providing basic business management training through a combination of traditional classroom style training and internet training. The program utilizes the NxLevelL business Plan Basics curriculum. The program has developed an on-line version of the course that targets remote rural businesses, low or moderate-income individuals, people with disabilities, and native Americans.

Objectives:

- Build the business management skills of rural and reservation based micro-businesses.
- Utilize technology to provide basic business management training to low to moderate income individuals to help them secure financing to start or expand a business in Montana.
- Develop close and effective working relationships between staff and other resources including FAIM caseworkers, Job Service staff, Vocational Rehabilitation counselors, and Small Business Development Center counselors that work with low to moderate income people interested in self employment.
- Encourage and support the formation of statewide peer support telephone based networks to connect isolated rural entrepreneurs to more experienced business owners to provide an on-going support and mentoring service.

PERFORMANCE	CY 2003	Plan CY 2004	Plan CY 2005
Training Sites	26	26	26
Training Participants	333	330	330
Total Number of Loans and Grants	45	45	45
Total Loan Amounts	\$1,272,323	\$1,300,000	\$1,300,000
Total Project Investment	\$120,000	\$120,000	\$120,000